GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:4063
ANSWERED ON:14.12.2001
SPECIAL CONCESSION BY BANKS
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Will the Minister of FINANCE be pleased to state:

(a) the names of Boards of nationalised banks, private banks and foreign banks who have given special concessions, relaxations to particular regions, bank-wise;

(b) the names of the regions given special concessions; and

(c) the nature of the concessions being given?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL)

(a), (b) & (c): According to the Reserve Bank of India, from time to time banks have been advised to grant certain concession/ relaxation to specific regions to mitigate the hardship being faced by the people of the regions. The region-wise concessions extended by banks recently are indicated in the Annexure.

ANNEXURE

REGARDING `SPECIAL CONCESSION BY BANKS`- REGION-WISE

State of Jammu & Kashmir : Concessions extended to Trade & Industry up to 31st March`2002.

(a) Relaxation of inventory norms up to 50%.

(b) Margins could be varied for arriving at drawing power on the basis of risk differentiation.

(c) 50% reduction in service charges for remittances, collection of outstation cheques/bills.

(d) Reschedulement of repayment programme in deserving cases and pragmatic debt equity ratio.

(e) Inland L C facilities with margin not exceeding 15%.

West Bengal : As one time measure the relaxations were allowed in the asset classification norms in respect of credit facilities granted to borrowers of districts and blocks affected by floods in October 2000.

a) Credit facilities granted to borrowers affected by the floods may be treated as NPA if interest and/or installment of principle remains unpaid, after it has become past due, for two half years.
b) Rephased/rescheduled loans as well as fresh credit facilities granted to borrowers affected by the floods may be treated as current dues and need not be classified as NPA.

Gujarat : Special relief package of measures (earthquake) was introduced for persons in the districts and blocks notified by the State Government of Gujarat in the year 2001.

a) Loan classification of borrowers affected by the earthquake should be frozen on `as-is-where-is` basis until 31.03.2003.
b) In case of standard assets, no demand for recovery be made for 2 years. In regard to loans not classified as standard assets, no penalties to be levied in the event of non-repayments during the next 2 years.
c) Banks would charge simple interest @ 10% p.a. till 31.03.2003
d) Small traders, small business, self employed and small road transporters to be sanctioned special limits up to Rs.1 lakh for restoration/rehabilitation of their business at interest rates not exceeding prime lending rates.
e) Grant of loans up to Rs.2 lakh for repairs/reconstruction of houses/business premises.
f) Banks may not recover agricultural loans either principal or interest from the affected farmers for a period of two years and reschedule the amounts not collected up to 7 years.
g) Limit on consumption loan raised to Rs. 2000.

North Eastern States : For enhancing flow of credit in the North Eastern Region Banks and financial institutions to implement following measures.

a) Interest of all loans given at higher rates will be reset to bring them in tune with current rates.
b) In case of NPA accounts of State Governments/State PSUs/State guaranteed loans, if the interest is pad, then the balance amount will be rescheduled.
c) All small loans where the principal amount was Rs.25,000/- or less and which have been outstanding for more than 3 years as on 31.3.2001, interest will be waived and the case will be settled at the principal amount.